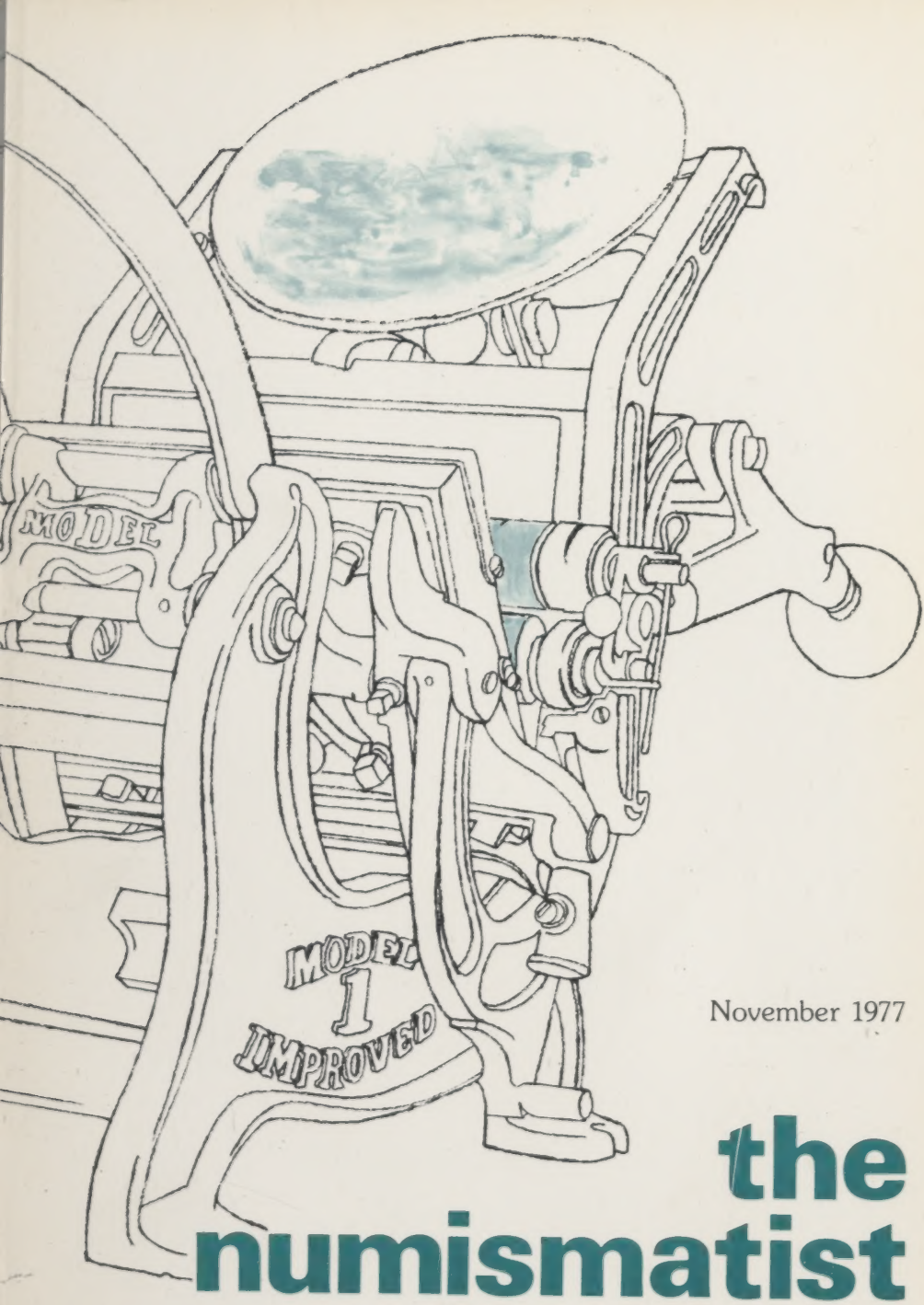

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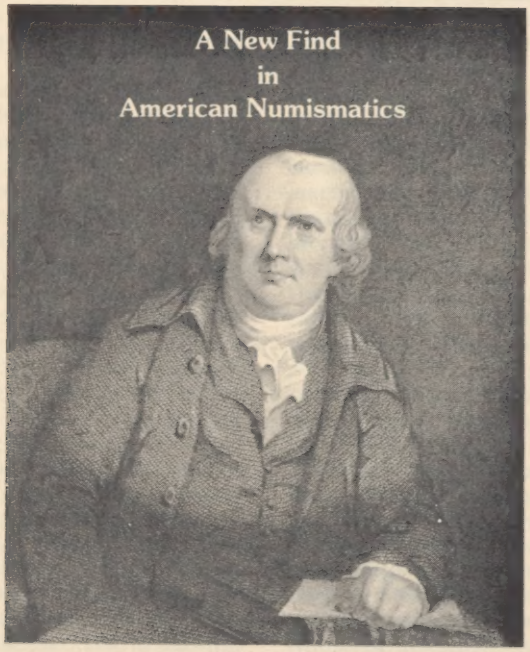
The Official United States Circulating Currency of Robert Morris



(1734-1806)

Robt Morris.

Superintendent of the United States
Office of Finance
(1781-1784)

by Eric P. Newman

LM 619

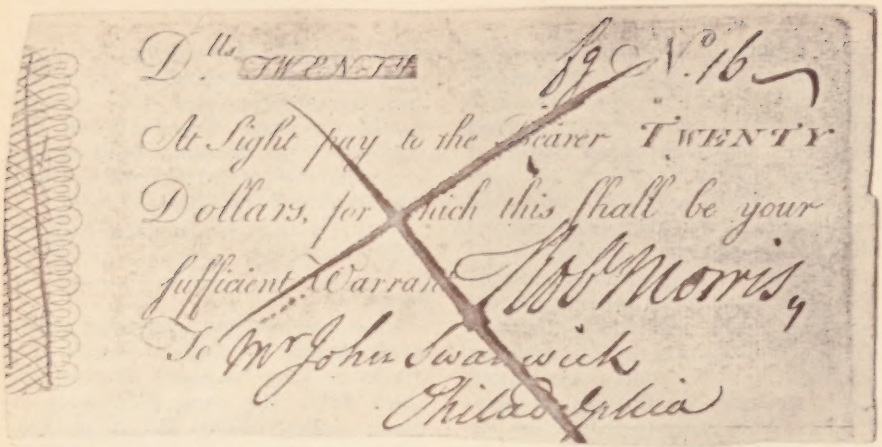
It may come as a shock to realize that in the 1781-82 period the credit of the United States was so shaky and unstable that Robert Morris as a private individual substituted his personal credit for that of the national government to enable the financial transactions of the United States to continue. This was accomplished by his issuance of circulating notes in convenient denominations which were used as money and were redeemable on presentation. One may wonder why this important issue of money has never been included in American numismatic history. This was apparently due to the fact that no example was known and there was insufficient knowledge of its form and use to take it out of the fiscal paper, commercial draft, or bill of exchange categories. Examples of these circulating notes have now been discovered and have made it possible to illustrate this note issue for the first time and to outline the facts as to its historic impact.

The $20 circulating note of Robert Morris contains evidence of the intended circulation of the issue. The notes are the same size as the bank notes of the Bank of North America whose first issues circulated simultaneously with them. They have a complex engraved design on the left end for indenture so that, after separation by cutting, the remaining design on the stub can be used to fit the notes so as to detect possible counterfeits. The denomination is engraved specifically into a shaded panel left of center at the top of the notes as well as in the distinctively capitalized text of the engraved obligation. The notes are payable to bearer, have no alternate payee, and require no endorsement. They are not only numbered but have two control letters next to the number. This corresponds to the use of such control letters on some Virginia currency issues of the 1778-1780 period.[1]

The Morris notes are without date of issue, apparently to strengthen their acceptance by the public in making their length of time in circulation unimportant. The handwritten insertion of the name of John Swanwick as drawee and the handwritten place of payment might be construed to contradict circulating intentions, but such fill in gave understandable flexibility to either a change in drawee or in place of payment. The other denominations of the Morris notes were $80 and $50 and were arranged for public convenience. The $80 denomination had also been the highest denomination used in the last issue (January 14, 1779) of the defunct Continental Currency and the $50 was the middle point between the $20 and the $80.

The public always seems to find a humorous and practical way of describing and distinguishing different types of money and the notes of Robert Morris are no exception. Those which were payable at sight (on presentation at any time) were known as Short Bobs and his issues of other obligations payable at future dates were known as Long Bobs.[2] The word Bobs in these expressions was the popular version of his first name. Although Robert Morris referred to his notes in formal language, the expressions Short Bobs and Long Bobs will often be used in this article to distinguish the two types of Robert Morris note issues.

The Short Bobs were engraved by Robert Scot pursuant to the following entry in the Diary of Robert Morris for July 27, 1781, "Employed Mr. Scott the Engraver to Cut a Copper Plate for Printing orders payable at Sight for use of this Office."[3] Robert Scot was subsequently employed as a coin die engraver at the United States Mint for a quarter century beginning in 1795 and his skill as an engraver of public documents, insignia, portraits, maps, etc., was a development from his training as a watchmaker in England. By the use of the word "Office" Morris meant the Office of Finance of the United States of which he was Superintendent beginning on February 20, 1781, rather than the



$20 Circulating Note of Robert Morris known as a Short Bob. The inked X is a redemption cancellation.

private business office of Willing and Morris, a commercial partnership which continued to operate but in which he had become inactive while in government service. The other five entries in the diary for that day also related specifically to government business. This indicated from the beginning that he felt that he was issuing the notes solely for governmental purposes and not for any personal use, even though he undertook a personal obligation by signing them.

The financial condition of the United States in the latter part of 1781 and into 1782 was a disaster. The Continental Currency was out of circulation and was not acceptable for any value. The State money issues guaranteed by the United States pursuant to the March 18, 1780 Resolution of the Continental Congress had been a failure and were unredeemable. The Continental Congress was without enforceable taxing power and was therefore without credit. Its requisitioning of funds from the thirteen States was only complied with in minimal amounts by some States and after long delays. The Bank of North America which Morris had helped organize issued about $400,000 in circulating bank notes early in 1782 and made maximum loans of its assets and bank notes to the United States. The new specie paper money issued by some of the States beginning in 1780 was for State expenditures and not a source of money for the United States.[4] Though military action had terminated and peace was imminent, stationary troops were still being maintained to ease the reorganization of governmental authority and the national government had to remain intact during its period of development.

Robert Morris was struggling to operate the financial administration of the nation while the impotent Continental Congress struggled to solve the many foreign and domestic political problems. The lack of sufficient power and the economic confusion of the national government left Morris with a duty to meet governmental obligations and little money to meet them with. Morris had a reputation of devotion and loyalty to the United States and of integrity, competence, and resourcefulness in business. He was selected as Superintendent of Finance as a reaction against governmental administrative waste and the Superintendency was an important aspect of a movement toward centralized authority. It was in such circumstances that Morris found his personal credit held in higher esteem than that of the United States. The United

States could not promptly pass fiscal laws, collect taxes, borrow, obtain State contributions, etc., because of cumbersome problems and time consuming arguments. Morris cut across all the red tape and inertia by issuing his own personal notes to pay for governmental expenditures and to meet governmental obligations.[5] He was subsequently accused of diverting governmental funds and using those funds for his personal purposes.[6] Those accusations may have been technically true, but his personal purposes were to enable the United States to meet its financial responsibilities and to continue to function. He sincerely felt that he had to act in desperation and by doing so had helped to re-establish the credit of the United States. He sustained the government with his own personal credit during an interval when no other solution appeared to be available.

The notes Morris issued were drawn on John Swanwick (1740-98) who had been the cashier or clerk at Willing and Morris. On June 8, 1781 Morris as Superintendent of Finance appointed Swanwick as cashier or treasurer of the United States Office of Finance, a position which was not on the Civil List. In 1782 Swanwick was also appointed Receiver of Federal Taxes for Pennsylvania after David Rittenhouse declined the position. The fact that Morris as a Federal officer drew his notes on Swanwick who was also a member of the Federal staff and used those notes only for Federal expenditures is indicative of how official such notes were, even though the drawer and the drawee were both named as individuals.

A circular letter written by Morris dated August 29, 1782 from the Office of Finance referred to his circulating money as "Orders on Mr. Swanwick payable at Sight" and as "my Notes receivable in taxes" by the States. In that circular letter Morris stated that no more of his Short Bobs would be issued. A major reason, though then undisclosed, was that counterfeit $20 notes had appeared. The fact that counterfeits were produced showed that his notes were generally accepted in circulation and had undepreciated value or they would not have been selected for counterfeiting. He announced at the same time that he had changed to a new type of note in the following form:

At Sixty Days from the Date pay on Account of the United States _____ Dollars to _____ or Bearer.

Thus appeared the Long Bobs which were signed by Robert Morris and drawn on John Swanwick as were the Short Bobs. The Long Bobs were in denominations of $100, $50, $30 and $20, the paper being watermarked UNITED STATES plus a 1 in the $100 paper, a 2 in the $50 paper, a 3 in the $30 paper, and a 4 in the $20 paper. Although no examples of the Long Bobs have yet been located, a comparison with the Short Bobs is helpful in reaching conclusions. The Short Bobs were on the same rag paper then used for governmental correspondence and watermarked with a post horn. Although both types were personal obligations of Robert Morris the use of the words "on Account of the United States" in the fixed text of the Long Bobs makes it more convincing that they were official in nature. Because they were a substitution for the Short Bobs, that would indicate that the Short Bobs were official as well.

There was outstanding in 1782 an aggregate of about $1,000,000 in bank notes of the Bank of North America, Short Bobs, and Long Bobs. Eliminating the $400,000 in Bank of North America bank notes it appears that the total of Short Bobs and Long Bobs issued during and prior to that year aggregated about $600,000. For 1782 the expenses of the Office of Finance exceeded its income by $404,713 so approximately that sum in Bobs could have been outstanding at one time. Morris admitted on October 5, 1782 that when Bobs were issued initially they were at first depreciated 10% to 15%. They were acceptable for taxes by all States except Georgia and North Carolina and his comments on that

Office of Finance 8th November 1782

Sir,

I am to request that you would cause the enclosed Advertisement to be published in the several News Papers of your State, and that you would apply to the proper Authority within the State to take such Measures as may be deemed most effectual for bringing the Perpetrators to Justice. You must not receive any more of that Kind of Notes as Money, but you may accept of them conditionally to be forwarded hither, and considered as Cash if they be genuine. This will be convenient perhaps to Individuals, will prevent the Public Treasury from being defrauded, and will put it in your Power perhaps to trace Counterfeits. You will observe that the Imitation of my Signature is very different from the true One, and the Paper also of the Counterfeit Notes is yellower than the true. These striking Distinctions, besides many lesser Ones, which (shoud any of the false come to your Hands) you will discover by a Comparison with the true One enclosed. The Cross upon it is in Consequence of its having been paid.

Benjamin Harwood Esqr.
Receiver for Maryland

I am Sir
Your obedient Servt
Robt Morris

Notice on Counterfeit Morris Notes

Office of Finance 8th. Novr. 1782

Notice is hereby given to all whom it may concern, that Counterfeits have appeared of the Notes issued from this Office struck on Copper Plate in the following form *"at Sight pay to the Bearer twenty Dollars for which this shall be your sufficient Warrant"* which Notes are signed by me and directed to Mr. John Swanwick Philadelphia. There were some Notes of the same kind for fifty, and some for eighty Dollars, which may perhaps be also counterfeited, tho' none have been yet discovered. The Counterfeits are badly executed, and might with care be detected, but (from an Apprehension that such Arts would be practised) I long since desisted from issuing them, and cancelled those which were brought in for Payment. There are now out only Sixteen Thousand, six hundred and seventy Dollars, and as no great Inconvenience can arise from putting a stop to so trivial a Sum, the Public are cautioned against receiving any Notes struck on Copper Plate and signed with my Name. All persons holding those which are genuine, are desired to send them to Mr. Swanwick, and receive the Money.

Robt Morris

matter are enlightening. He said that "farmers will not give full credit to money merely because it will pay taxes, for that is an object they are not violently devoted to; but that money that goes freely at the store and the tavern will be sought after as greedily as those things which the store and the tavern contain." The reason that denominations below $20 were not selected was that Morris preferred his notes to be confined to merchants and large dealers who would find a way to make change for retail use by their customers.

After Morris learned that his $20 Short Bobs were counterfeited and had discontinued their issue he wrote a circular letter dated November 8, 1782 to the Receivers of Continental taxes in the various States. He pointed out that the counterfeits were badly executed, that the imitation of his signature was quite different and the paper was much yellower. He sent genuine examples of redeemed $20 Short Bobs as detectors. These had been cancelled with a large ink X across their face. While the use of an X was usually a means of designating a counterfeit he specifically points out that the X is on a "true" Short Bob. He asked that a notice be published warning the public of the counterfeits. He

The Hills, Robert Morris' Mansion in Philadelphia.

further asked for State legislation to make counterfeiting of his notes a criminal offense, just as was previously requested for circulating notes issued by the Bank of North America. Both Rhode Island and Delaware gave counterfeit protection to the Bank of North America issues, but no special action was passed anywhere for notes of Robert Morris. The counterfeiters were finally caught and in July, 1783 he commented that "the knot of villains is pretty well broken up."

In his November 8, 1782 comments to the Receivers of taxes concerning the $20 counterfeits, Morris ordered a cessation of circulation for all denominations of Short Bobs. There were then only $16,670 of Short Bobs in circulation. He suggested conditional acceptance of all such notes for redemption to determine if they were genuine. In so doing he stated that this "will prevent the Public Treasury from being defrauded," a further proof of his belief that his Short Bobs were official currency.

On December 7, 1782 William Churchill Houston, Receiver of New Jersey for taxes in Trenton, wrote Morris that $660 of Short Bobs had been received from the Collector at Gloucester, New Jersey, cut in half and pasted together again. Houston stated that the Collector had received them directly from "the office" (Office of Finance) and wanted to know if Morris was reissuing redeemed and cut-cancelled notes to save costs. Morris replied that no notes had been so issued. Obviously the Collector at Gloucester had cut and pasted the Short Bobs to prevent theft or accident in his hands or in transit and

Houston, although aware of the practice of sending separate shipments of cut halves of circulating notes when on their way in for redemption, was surprised by the rejoining procedure which destroys some of the safety of separate delivery.

Because the United States was not the obligor of the Short Bobs or the Long Bobs it can be claimed that the currency of Robert Morris was at most quasi-official rather than official. However, emergency issues of money, in which category this issue belongs, are classified according to the real party in interest by and for whom the emergency issue was created and used and that party was the United States of America. The fact that specific formal authorization did not occur is not determinative when emergency issues of money are considered. If Morris had not been able to pay his notes or if he had not been reimbursed for his outlays for the government, the moral and legal responsibility of the United States to make the notes good for the benefits it received would have remained.

The examples of Short Bobs which have so far been located are only of the $20 denomination, being ef No. 1, ef No. 25 and fg No. 16.

It is curious to realize how accidental findings of this nature occur. In the research for the publication of *The Papers of Robert Morris* sponsored by The National Historical Publications and Records Commission and Queens College of the City University of New York a request for information about the Morris notes and Bank of North America notes came to me from that writing project. In the subsequent correspondence I was sent the typewritten text of documents relating to the notes and where those manuscripts could be found. It was stated that an original note had not been located. Following these leads I was able to find and make a study of the notes themselves from Massachusetts Historical Society and The Maryland Historical Society, and the project located one at Princeton University. The numismatic importance of this "discovery" became clear. The Morris notes themselves carried their own proof of being circulating paper money when studied in connection with other supplementary material. Numismatists and others have thus become belatedly informed of a fascinating *official* issue of paper money of the United States.

Footnotes

[1]Eric P. Newman, *The Early Paper Money of America* (Racine, Wisc.: Whitman Publishing Co., 1976), pp. 395-397.

[2]William G. Sumner, *The Financier and the Finances of the American Revolution*, II (New York: Dodd Mead and Co., 1891) 151. The expression was attributed to a clerk in the Office of Finance who was quoted in Orsamus Turner's *History of the Pioneer Settlement of Phelps and Gorham's Purchase, and Morris' Reserve* (1851).

[3]E. James Ferguson and John Catanzariti et al., eds., *The Papers of Robert Morris, 1781-1784*, I (Pittsburgh: University of Pittsburgh Press, 1973-) 394-395. The diary of Robert Morris is also the principal source of information concerning the 1783 *Nova Constellatio* silver coinage patterns prepared by Benjamin Dudley with denominations of 1000 mills, 500 mills, and 100 mills for use at the proposed United States Mint.

[4]Newman, pp. 14, 119, 137-138, 216-218, 244-245, 278-279, 308, 310, 381.

[5]Extensive research and writing on the financial plight of the United States of America in the 1781-1782 period and on the Robert Morris notes has been published in the past and the editors of *The Papers of Robert Morris, 1781-1784* are now undertaking a detailed documentation and explanation of that Robert Morris material. The principal prior publications include:

Sumner, Vol. II, pp. 153-158.

Ellis P. Oberholtzer, *Robert, Morris, Patriot and Financier* (New York: The Macmillan Co., 1903), pp. 154-159.

Eleanor Young, *Forgotten Patriot, Robert Morris* (New York: The Macmillan Co., 1950), pp. 137-155.

Clarence Ver Steeg, *Robert Morris: Revolutionary Financier* (Philadelphia: University of Pennsylvania Press, 1954) reprinted Octagon Books, 1970, pp. 87-88, 117-120, 141, 152, 179-181.

Curtis P. Nettels, *The Emergence of a National Economy 1775-1815* (New York: Holt, Rinehart & Winston, Inc., 1962), pp. 32-33.

[6]Edmund C. Burnett, ed., *Letters of Members of the Continental Congress* (1933) reprinted 1963, p. 429. Letter #582 from Arthur Lee to Samuel Adams dated August 6, 1782.